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PP RUEHPB
DE RUEHDT #0066/01 0571357
ZNR UUUUU ZZH
P R 261357Z FEB 07
FM AMEMBASSY DILI
TO RUEHC/SECSTATE WASHDC PRIORITY 3298
INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RUCNDT/USMISSION USUN NEW YORK 0819
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHHMUNA/HQ USPACOM HONOLULU HI
RUEHJA/AMEMBASSY JAKARTA 0818
RUEHLI/AMEMBASSY LISBON 0779
RUEHBY/AMEMBASSY CANBERRA 0884
RUEHLMC/MILLENNIUM CHALLENGE CORP
RHEFDIA/DIA WASHINGTON DC
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RUEHWL/AMEMBASSY WELLINGTON 0714
RUEHKO/AMEMBASSY TOKYO 0637
RUEHLO/AMEMBASSY LONDON 0598
RUEHDT/AMEMBASSY DILI 2639

UNCLAS SECTION 01 OF 03 DILI 000066

SIPDIS

SENSITIVE

DEPT FOR EAP/MTS
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [KDEM](#) [TT](#)

SUBJECT: RAMOS-HORTA'S PRESIDENTIAL CANDIDACY IN CONTEXT

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¶1. (SBU) Summary: Prime Minister Jose Ramos-Horta, a political independent, officially announced his candidacy for president on February 25 in the eastern town of Laga. Ramos-Horta is widely known to be the candidate supported by President Xanana Gusmao and his newly established political party, but it is not clear how much of Gusmao's popularity can be transferred to electoral success for his chosen successor. Despite earlier discussions of Ramos-Horta as a possible Fretilin candidate, the ruling party ultimately decided against a "compromise" candidate and nominated its president, Francisco "Lu'olo" Guterres. On the opposition side, Gusmao made strenuous efforts to gain the support of the three key opposition parties for Ramos-Horta, but they all ultimately rejected him and turned to nominating their own candidates. The most widely held view is that no candidate appears likely to win a straight up majority on the first round, and that a run off between Ramos-Horta and Lu'olo is the most likely scenario. The question would then be whether Fretilin's national party structure or President Gusmao's national appeal will be the force to win out for their chosen candidates. Regardless of the result, the presidential election will dramatically set the stage and possibly even determine the outcome of the parliamentary elections to follow. End summary.

¶2. (SBU) Prime Minister Jose Ramos-Horta, who has no party affiliation, officially announced his candidacy for president on February 25 in the eastern town of Laga at a ceremony hosted by former resistance fighter and President of opposition party UNDERTIM, Cornelio Gama ("Elle Sette" or "L7"). Approximately 2,000 UNDERTIM members gathered for the ceremony. Joining Ramos-Horta and L7 on the podium were representatives of Fretilin Mudansa, the opposition faction within the ruling party. Also on the podium was Dionisio Babo Soares, highly respected lawyer and academic who co-chairs the bi-lateral Truth and Friendship Commission, who has reportedly come on board to manage the campaign. In his remarks Ramos-Horta presented himself as a national unity candidate, emphasizing his international standing and dedication to "addressing the poverty of the people". Banners and other remarks emphasized his Nobel Peace Prize laureate status and long association with the

resistance.

13. (SBU) The Laga setting for this announcement was of note as it is located in the heart of the ruling Fretilin party's traditional base, as well as being a stronghold of resistance veterans, a key constituency. However, it may also reflect his weakness in that UNDERTIM is the only significant opposition party that has come out in his support. Even UNDERTIM's support did not appear to be wholehearted. Cristiano da Costa, the party's Secretary General, declined to attend, reportedly because Ramos-Horta had not agreed to his request for consultations with the party to precede the public roll out. Questions have also been raised regarding Fretilin Mudansa's support for the candidacy. Foreign Minister and Mudansa's candidate for Secretary General Jose Luis Guterres has expressed support Ramos-Horta, but some Embassy contacts have reported divisions in Mudansa over this issue.

14. (SBU) Ramos-Horta is widely known to be President Xanana Gusmao's candidate. Although no representatives of the President, or of his soon-to-be-registered new party, were evident on Sunday there is no doubt that Gusmao's support is the single most important thing that Ramos-Horta has going for him. Despite the fact that Gusmao's image has taken a beating during the crisis of the last year, he remains the single most popular figure in East Timor and there is broad consensus that he would win a second term if he were running, albeit without the same margin as in 2002. However, it is not clear how much of Gusmao's popularity can be transferred to electoral success for his chosen successor. Despite his international profile, Ramos-Horta has never enjoyed national renown on par with Gusmao's. Ramos-Horta also appears to be courting the support of the Catholic Church (he had dinner with the Bishop of Baucau the night before), although it is not yet clear if he has garnered it.

15. (SBU) Ramos-Horta's candidacy is also notable for who is not on board. There had been discussion of Fretilin putting him

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forward as their candidate. Despite his ties to Gusmao, Ramos-Horta has always emphasized that he leads a Fretilin government, has frequently consulted with former Prime Minister and Fretilin Secretary General Mari Alkatiri, and often referred to his roots as one of the founders of Fretilin. Ultimately, his ongoing closeness to Gusmao as well as a strong inclination on the part of Fretilin leadership to choose a candidate from the inner circle seem to have won out instead. On February 21, Fretilin announced that they would nominate party president Francisco "Lu'olo" Guterres. Lu'olo can argue that he spent the entire Indonesian occupation in East Timor, primarily as a resistance fighter. But in reality he is not viewed as a strong candidate individually. Nonetheless, the Fretilin party structure and resources, surpassing any other party by far, as well as the historical and emotional appeal it still has, may be enough to secure electoral success.

16. (SBU) Arguably more important than the Fretilin rejection is the fact that the three opposition parties with the largest representation in Parliament have all refused to support Ramos-Horta's candidacy and nominated their own candidates. (These include: the Democratic Party - PD, the Social Democratic Party - PSD, and the Timorese Social Democrat Association - ASDT.) Leaders of all three note that they were considering supporting Ramos-Horta, but changed their minds following his early February testimony at the trial of former Interior Minister, Rogerio Lobato, which they regarded as essentially defending both Lobato and Alkatiri, both of whom have been accused of illegal weapons distribution. It should be noted that their enthusiasm for Ramos-Horta was already limited prior to the testimony, as much of the opposition have come to regard Ramos-Horta as a weak Prime Minister who allowed Fretilin and former Prime Minister Alkatiri to control him. In addition, PD, the largest opposition party, is particularly upset with Gusmao for starting a new party, the soon to be registered National Council of Timorese Restoration - CNRT. In response to

a mid-Feb meeting where Gusmao asked for PD support of Ramos-Horta, one PD leader reportedly described him as "trying to sell a rotten fish."

¶17. (SBU) So instead, each is fielding own candidate. PD has nominated party president Fernando "Lasama" Araujo; PSD has nominated Member of Parliament Lucia Lobato; and ASDT has nominated its president, Xavier do Amaral. Despite the parties' professed confidence in their candidates, none are likely to emerge as front runners. Of the three, Lasama has the greatest chance of significant electoral gains due to the relative strength of his party and his roots as a leader of the student resistance organization Renetil. However, outside of his party he has a limited profile and is not widely regarded as a charismatic figure. Following the signing last week of a new coalition agreement among the three parties, whose main provisions apply to post-parliamentary election arrangements, they all note that if any coalition member candidate makes it to a second round of presidential elections, all three will support that person. None of them are ready to consider what they will do if Ramos-Horta goes to the second round against Lu'olo.

¶18. (SBU) Overall, Ramos-Horta stands as one of the stronger in a field of candidates with no clear front runner and a splintered opposition. In addition to the three opposition candidates noted above, several other candidates have also emerged, such as Kota's Manuel Tilman and UDT's Joao Carrascalao. They are generally not regarded as serious candidates, but may still further split the vote. Lu'olo and Ramos-Horta may be the strongest competitors, but neither appears to have the broad national appeal to win outright. The most likely scenario therefore is that no candidate will obtain the 50 percent plus one majority on the first round, leading to a second round standoff between these two. The question would then be whether Fretilin's national party structure or President Gusmao's national appeal will be the force to win out for their chosen candidates.

¶19. (SBU) Comment: Although East Timor's presidential candidates run as individuals, not as party leaders, all candidates in this election have strong party affiliation or backing. The partisan

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nature of this election contrasts greatly with the election five years ago in which Gusmao won with over 80 percent of the votes.

There is a broad consensus that in addition to choosing an individual head of state it will essentially be an exercise to determine the relative strength of the various parties. As such, the presidential election will dramatically set the stage and possibly even determine the outcome of the parliamentary elections to follow. As one source put it, "whoever wins the presidency wins the parliament." End comment.

HARSHA